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that national interests are best served by the retention of well-trying officials. As a bank, or any other business concern, prospers year in and year out under the management of the same Board of Directors, so does the Swiss Government under a Federal Council which rarely changes.

Switzerland's nominal head, this President of no importance, is an official who has no *ex-officio* rank in the army, who cannot launch a veto, or pardon a criminal; who has no offices to distribute, never chooses his associates in the Federal Council, and would consider it a public crime to try to influence the judiciary. As an individual, he cannot declare war or make peace; nor could he, by himself, determine the financial policy of the country. In fact, his position will even appear to many to be that of a political nonentity, until it is remembered that the Federal Council, of which he forms a part, is in reality an exceedingly powerful body, in whose hands the supreme direction of the country rests.

In their general political make-up, the Swiss Republic and the United States resemble each other more nearly than any two countries in the world, so that the two can well afford to learn from each other, without lowering their dignity. It may not be generally known that the bi-cameral system of the Swiss Government, for example, is a direct copy of our own Congress.

Up to 1848 the Swiss had always contented themselves with one legislative body (such as the Cantons have to this day), but when the revision of the Federal Constitution was undertaken in that year, students of international politics, men like Bluntschli and Rüttimann, declared themselves in favor of the creation of a second body. They pointed especially to the Senate of the United States. As a result, Switzerland adopted a bi-cameral system, consisting of a National Council, chosen in the ratio of one member for each twenty thousand persons of the total population, fractions of upwards of ten thousand persons being reckoned at twenty thousand; and of a Council of States, consisting of two representatives from each Canton, making a total of forty-four members.

The lesson which the Swiss Federal Council teaches us at this hour is that a Republic can unite incongruous, often antagonistic, elements in population, such as Switzerland possesses, and protect itself from foreign complications without indulging in a powerful and spectacular public head. Instead of increasing the responsibilities and sovereign attributes of the Presidential office, as we in this country seem inclined to do under the stress of military excitement and of financial fear, let his prerogatives rather be checked and his official burdens lightened. At present none but a mental, moral, and physical giant can ever hope to fill the office satisfactorily.

W. D. McCrackan.

THE NECESSITY OF LIMITING RAILWAY COMPETITION.

THE interstate commerce law, during the nine years since it was placed upon the statute book, has accomplished much that tends to justify the hopes of its advocates, and has even obtained from many of its opponents tardy acknowledgment of the wisdom and justice of its fundamental principles. The practice of charging more for a short intermediate haul of freight or passenger traffic than for a longer one in the same direction, which was among those appearing most unjust and consequently obnoxious to the general public, has been restricted to fewer instances and to those in which the circumstances of competition afford more apparent justification.

The subjection of particular communities to disadvantage, by means of unjust discriminations in the relative adjustment of railway rates, has been discontinued in numerous instances to the practical benefit of the localities formerly discriminated against, and of the entire country, which is thus assured a more natural and symmetrical development. The tendency toward harmony in the charges for carrying competing commodities, different grades of the same article, and raw materials and their finished products, has been intensified by the acquiescence of railway managers in the spirit of the law, and its operation mildly accelerated by the adjudication of the complaints presented to the Commission created for its enforcement. The custom of making special rates to favored shippers, so prevalent prior to the enactment of the law that regular charges were exacted only from occasional and unsophisticated shippers, has been so far corrected that the vastly greater portion of all traffic is now charged full published rates and the law deviated from only in cases of most strenuous competition, when failure to yield to the force of conditions imposed by an unnatural, extravagant and wasteful rivalry, that is itself the creature of unwise legislation, would entail serious financial loss. Doubtless the preservation of railway properties from a threatened bankruptcy that, besides injuriously affecting all business enterprises, would inevitably bring ruin to thousands of innocent children and defenceless women—whose small investments in railway stocks and bonds were made largely because of the reasonable belief that the Government would not legislate so as to destroy or seriously cripple an industry created by private means to perform a necessary public service—does not justify the violation of a statute that forbids acts which, independent of legislation, involve no element of turpitude. Yet, upon the other hand, justice to those who were active in supporting those portions of the law which have resulted in preventing the railways from mitigating by agreement the force of competition for traffic, demands that we shall presume this effect to have been undesired and unanticipated.

Experience has demonstrated that the prohibition of pooling tends not only to deprive the railways of sufficient revenue to pay fair wages and reasonable dividends and interest, but also to foster unjust discriminations between competing localities and shippers, and to impose upon the entire public the permanent burden of meeting, by charges higher than those necessary under better conditions, the wasteful expenses incurred to maintain a competition that is effective at a few points only, and often for but few shippers, that is at once the prolific parent and devoted slave of trusts and combinations, and is beneficial to no one except the soliciting agent, the ticket scalper, the parasite.

The word "competition" is not correctly applied to the business of moving persons and property by rail, and, when suggested as having regulative value and importance, is deceitful, dangerous, and vicious; for however closely one line parallels another there are always many stations that are wholly dependent upon the facilities afforded by a single road, and no matter how actively the rival carriers struggle for supremacy at adjacent "competitive" points such local stations will remain at the mercy of a monopoly whose desire for gain is not diminished by losses sustained elsewhere. Not infrequently this pseudo-competition is for the traffic in a single important commodity, as grain, lumber, live stock, dressed meats, salt, or sugar; and the reduced rates, often secret, upon this commodity destroy, so long as they continue, the relative adjustment of charges and produce unjust dis-

criminations against competing commodities which may materially and sometimes irretrievably injure those dealing in them. There have also been notorious instances of rates lowered to secure competitive traffic that have been accorded only to a single shipper of a particular commodity, thus excluding and discriminating against all other shippers and articles of traffic.

Unification of interest is the alternative to competition. This does not require the actual merging of all railway corporations in a single organization, though it may finally appear that the most satisfactory results are attainable only in that way. The most practicable step in advance at present is the consolidation of railway interests, through legalized agreements, providing for the division of competitive traffic, made enforceable between the parties thereto and operating under the constant supervision of public authorities, acting not only in the interest of passengers and shippers but of the whole people, including those who own and operate railways. Contracts of this nature, popularly called "pooling" agreements, became common in this country during the years from 1870 to 1887 when the passage of the interstate commerce law made their discontinuance necessary. Though there were conflicting opinions, they were generally regarded as contrary to the policy of the common law and consequently not enforceable by judicial process, their observance depending wholly upon the good faith of the parties. As railway managers were so far impressed with the correctness of this view that they seldom, if ever, ventured to appeal to the courts for the enforcement of such contracts, it is practically correct to affirm that the legally recognized right to pool traffic or earnings has never existed in the United States, and therefore the proposition to permit and make them enforceable by the courts is one to endow railway corporations with a power never possessed by them in this country, a power to act in a manner expressly prohibited by comparatively recent legislation, and to invoke the aid of the United States courts in the enforcement of a class of contracts which from the foundation of the government has been regarded as opposed to public policy.

But the statement of the radical nature of the proposed legislation or the extent of its divergence from precedents, though frequently forced to serve in that capacity, is not an argument against it, but, on the contrary, imposes the duty of carefully scrutinizing the evidence upon both sides and of promptly acting in accordance with reason and justice. Those against it are uniformly vague, indefinite, or mendacious, and, in their most popular form, consist of statements of the vast capital, the large annual aggregate earnings, and the important public services performed by the railway system.

To those who advance these arguments it has apparently never occurred that the magnitude of the business and the importance of the services performed is a most cogent reason for bringing the railway system out of a state of chaotic internal warfare to a condition of compact, homogeneous autonomy. Nearly all of the difficulty attending satisfactory railway regulation arises from the existence of the former condition, which is also responsible for all unjust discriminations and the cause of many wasteful expenditures that result in exorbitant charges or bankruptcy. As ninety-five per cent. of all railway stations must, under any circumstances, be dependent upon a single line, and any desire to exact high rates is undoubtedly strengthened by losses at competitive points, it seems undeniable that the abolition of competition at the relatively few points where it now exists

would reduce rather than increase the chance of any one being charged exorbitant rates.

The arguments favoring the unification of railway interests, and of legalized and properly regulated "pooling" as a long step toward that result, are generally allowed to rest upon the abolition of the unjust discriminations resulting from competition, but this is by no means the total good that would be accomplished. Such unification would certainly result in doing away with those extravagant features of present railway methods that are now kept up because their continuance, however costly, seems the sole alternative to greater losses through the diversion of traffic to competing lines. Any agreement for the division of traffic would necessarily include the discontinuance of the costly practice of paying commissions to secure the ticketing of passengers and shipment of freight over particular lines. This practice now costs many millions annually, which accrue, not to the benefit of travellers and shippers, but to that of middlemen, or, in other cases, become the cover for rebates and unjust discriminations. With traffic divided upon a basis independent of the amounts secured by the agents of particular lines, the absurdity of maintaining separate agencies for soliciting and receiving it would be patent. Joint agencies affording the public more satisfactory service would speedily be substituted for those of individual lines, with a considerable reduction in their total number and aggregate cost. Where one of two or more lines carrying traffic between the same points operates a route that is longer, has steeper grades or for any other reason, is more expensive, attention would soon be directed to the possibility of economy through sending all traffic over the cheapest route. The extent of the saving that might be effected in this direction is incalculable. Great loss to the railways, and indirectly to their patrons, results from the impossibility under present methods of utilizing cars and locomotives to anything like their full capacity, and the consequent necessity of a much larger investment in rolling stock than would be required under better conditions. The average service actually performed during the year ending June 30, 1894, by each of the 1,205,169 freight cars which cost the railways of the United States approximately \$500,000,000, was equal to carrying a full load less than 4,500 miles, or to working up to full capacity but little over twelve days. It is scarcely consonant with the business sagacity correctly attributed to railway managers to believe that under conditions that would permit it they would not speedily secure better returns from the capital invested in equipment. Nothing is more annoying to shippers than the difficulty attending efforts to ascertain through rates on long distance shipments; and this, together with the conflicting rules and regulations in regard to traffic, established by railways in different sections of the country, constitutes a serious hindrance to the profitable interchange of the surplus products of distant regions. The convenience of railway managers as well as their perception of the desirability of easily understood and definite schedules of rates and plain, unambiguous rules of shipment would result in speedy simplification of rate schedules, rules, and classifications, and in a progressive movement toward ultimate absolute uniformity over the entire country, if the unreasonable jealousies and unnatural rivalries, that are the causes of the present conflict, were removed.

The foregoing are the principal advantages which will accrue to the public as a result of legislation removing the ban from agreements for the apportionment of traffic or earnings among competing lines. This change

has been recommended by a resolution passed by an overwhelming majority at the Sixth Annual Convention of State Railway Commissioners, by the unanimous vote of a conference of representatives of the boards of trade and other commercial and mercantile organizations of our principal cities, by individual members of the Interstate Commerce Commission, by the author of the anti-pooling section of the present law; and a bill embodying it which passed the House of Representatives during the last session of the Fifty-third Congress was only defeated in the Senate by the obstructive tactics of a numerically insignificant minority. There is no proposition for legislation likely to come before the Fifty-fourth Congress which contains a greater element of justice, is more strongly endorsed by competent and experienced men, or is capable of being more far-reaching and more effective in its beneficial results.

H. T. NEWCOMB.

AMERICAN DIPLOMATS IN EUROPE.

AMERICANS who travel in Europe and mingle to any extent with the diplomatic society of foreign countries are invariably mortified at the parsimonious treatment American diplomats receive from the government of the United States. Underpaid in comparison with the representatives of other first-class powers, and provided with few, and in some cases no, secretaries, they are sent abroad to spend the first months of their missions in house-hunting and furnishing. They are, with the exception I believe of the Consul at Tangier, who is scarcely a diplomat, unprovided with official residences, and, unless they be millionaires, they find themselves without sufficient means to maintain the national dignity. Europeans, unlike ourselves, lay much stress upon the outward appearance of rank and power, and it is impossible for them to understand the shabby manner in which our diplomats are compelled to live. While they do not expect gold lace and cocked hats, for they have learned that simplicity is the rule of the Republic, they cannot comprehend the penurious policy of a great government which leaves its representatives homeless and houseless in foreign lands.

Since the results of the civil war have demonstrated to the world the power of the Federal government of the United States to maintain itself against the gravest internal danger which could have possibly threatened it, its importance in international politics has been steadily increasing. The American diplomat not only has to deal with the questions which the application of the Monroe doctrine presents in every European country having colonies in the New World, but he has also to bear his part in the discussion of those wider questions which affect the peace of the world as a whole. With a nation behind him which could in an emergency put in the field an army nearly as great as that of France and Germany combined, and possessed of a material wealth which would enable it to maintain, with no great effort, a navy as large as that of England, the American diplomat is an important personage in every European capital, despite the severely plain, not to say shabby, surroundings with which he is invested. Unfortunately, such surroundings deprive him of the external dignity which should support the envoy of a great nation, and render him conspicuous in a way necessarily painful to his national pride. It is impossible for his diplomatic colleagues to understand why he, the representative of a nation possessed of so much wealth, is not housed and maintained as they